

BEFORE THE STATE AUDITOR;
EX-OFFICIO COMMISSIONER OF SECURITIES AND INSURANCE
HELENA, MONTANA

IN THE MATTER OF:)	CASE NO. C-08-31-05-052
)	1-03-01-06-200
RYAN BECK & CO.)	
220 South Orange Ave.)	CONSENT AGREEMENT
Livingston, New Jersey 07039,)	
A Broker-Dealer firm;)	
)	
RYAN BECK LIFE AGENCY, INC.,)	
650 Madison Ave. 10 th Floor)	
New York, New York 10022)	
An Insurance Agency;)	
)	
STEVEN GROSSMAN, individually and)	
in his capacity as a salesperson for Ryan)	
Beck & Co. and as an insurance producer)	
affiliate for Ryan Beck Life Agency;)	
RALPH FREYDBERG, individually and in)	
his capacity as a branch manager for Ryan)	
Beck & Co.; and John and Jane Does 1-5;)	
)	
Respondents.)	

Consent Agreement dated this 27th day of April 2006, between the Montana Securities Department ("Department"), acting pursuant to the authority of Securities Act of Montana, § 30-10-101 et seq. MCA, and § 2-4-603 Montana Code Annotated; and Respondent Steven Grossman (Grossman).

RECITALS

WHEREAS, the Departments issued a Notice of Proposed Agency Action on or about September 21, 2005, alleging violations of the Securities Act by Grossman with respect to certain alleged fraudulent securities transactions conducted within the accounts of two customers resident in Montana that were maintained with the brokerage firm and Grossman's employer at the time, Ryan Beck & Company, and the Department filed a subsequent Notice of Proposed Agency Action (collectively referred to herein as "Actions") alleging violations of the Securities

Act by Grossman with respect to additional allegations of fraudulent transactions on or about March 27, 2006;

WHEREAS, the Departments and Grossman have investigated the matters pursuant to customer complaints lodged with the Departments and Grossman; and

WHEREAS, the Departments and Grossman have agreed that the best interests of the public would be served by dismissing the Actions with respect to Grossman and entering into the agreements and undertaking specified herein.

NOW THEREFORE, in consideration of the mutual undertakings herein contained the Department and Grossman hereby agree to resolve their differences and settle these matters pursuant to the following terms and conditions:

I. SUMMARY OF ALLEGATIONS

A. The Actions include allegations that Grossman, in violation of MCA Section 30-10-301(1)(b) and (c), committed securities fraud in the accounts of two Montana resident investors, and that Grossman, in violation of MCA Section 30-10-201 (13) acted in an unethical and dishonest manner with regard to those same accounts held at Ryan Beck & Company while Grossman was employed by Ryan Beck & Company.

II. STIPULATIONS AND CONSENTS

A. Without admitting any of the allegations contained within the Actions, Grossman stipulates and consents:

1. To pay an administrative fine of \$225,000 pursuant to M.C.A. § 30-10-305(3).
2. To accept the grant of a credit against the fine of \$100,000 based upon mitigating remedial factors considered by the Departments including, but not limited to, actions of

Grossman in the negotiation of and restitution to the customers identified in the Actions, the amount of the payments made to the customers, and cooperation in the investigation.

3. To pay an initial payment of \$25,000 toward the fine amount illustrated in paragraphs II A 1 less any credit granted by the Departments pursuant to II A 2 above not later than June 1, 2006.

4. To pay the remaining fine amount over a period of ten (10) years, in equal installments. All payments shall be suspended and the payment schedule shall be tolled in the event Grossman is indicted or charged with a crime or crimes stemming from or related to his activities while employed at Ryan Beck & Company or its predecessors. The toll period shall extend from the date of the indictment until resolution of any criminal charges. This term shall also toll during any period of incarceration resulting from the resolution of the aforementioned criminal matters.

5. To comply with the terms and conditions of this Consent Agreement and with the securities laws and regulations of Montana.

6. To accept a permanent revocation of his current registration and licensing in Montana, as well as a permanent ban against any future attempt to apply for licensing or registration.

7. The Statute of Limitation is tolled for ten (10) years from the date of consummation of this consent agreement with regard to the allegations set forth above. In the event Grossman violates the terms of this consent agreement at any time during the ten year tolling period the State Auditor's Office reserves the right to seek a fine in the amount of \$75,000.

B. Pursuant to the stipulations, agreements and consents of Grossman, the Department, under the authority of the Montana Securities Act, and § 2-4-603, Montana Code Annotated, hereby agree that:

1. The Department has determined and shall execute contemporaneous with the Consent Agreement such documents and take such actions as are required to dismiss the Actions with prejudice with respect to Grossman.

C. All parties to this Consent Agreement agree and acknowledge:

1. This Consent Agreement constitutes the entire agreement between the parties, there being no other promises or agreements, either express or implied. Under authority of the Act, the Department hereby agrees that it will not initiate any criminal, civil or administrative actions against Grossman regarding or related to the allegations contained in the Actions. Respondent fully and forever releases and discharges the Office of the State Auditor, the elected State Auditor and all State Auditor employees from any and all actions, claims, causes of action, demands, or expenses for damages or injuries that may arise from the allegations underlying this Consent Agreement, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising out of the Actions.

2. Upon execution and acknowledgement of the consent agreement and upon Grossman's initial payment of the \$25,000 fine to the State Auditor, less the credit granted by the Departments in paragraph II (A)(2), the State Auditor will file with the hearing examiner a Motion and Stipulation for Dismissal of the Actions, with prejudice, solely with respect to Respondent Grossman.

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DATED this 3rd May day of April 2006.

MONTANA SECURITIES DEPARTMENT

By: Karen Powell for:
Karen Powell
Deputy Securities Commissioner

SUBSCRIBED AND SWORN to before me this 3 day of
May 2006.

Debra Sautter
Debra Sautter
(print name)

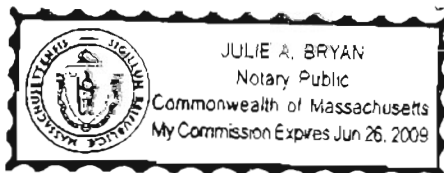
Notary Public for the State of Montana
Residing at Helena, Montana

My commission expires 4/14/2010.

DATED this 27th day of April 2006.

Steven Grossman
Steven Grossman

SUBSCRIBED AND SWORN to before me this 3rd day of
APRIL 2006.



Julie A. Bryan
JULIE A. BRYAN
(print name)

Notary Public for the State of MASSACHUSETTS
Residing at 150 LEWIS ST. #210 LYNN, MA 01902
My commission expires 6/26/09.